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Philip E. Wilson, LCSW Commissioner / Chairperson

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Louis L. D'Arminio, Esq.

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Robert S. Garrison, Esq. Executive Director

Mauro D. Ragusco Deputy Executive Director

October 4, 2011

V. Robert Salazar 2500 18<sup>th</sup> Street Suite 200 Denver, CO 80211

Re: Bergen Regional Medical Center

Dear Mr. Salazar:

As a governmental authority charged with the obligation to serve the public interest, and as the Bergen County Regional Medical Center's (the "Medical Center") license holder charged with the responsibility to ensure that quality of care is not adversely affected, the Bergen County Improvement Authority (the "Authority") is committed to address and fully consider all matters relating to the Medical Center in light of the interests of the public that we serve.

Toward that end, as the Executive Director for the Authority, I am, in the ordinary course of my duties, examining and exploring various alternatives concerning the future of the Medical Center, including Bergen County's and the Authority's possible divestiture and sale of the Medical Center for consideration by the Authority.

## A. Burden Imposed By Out-Of-County Patients

One of the driving forces behind these considerations is the reality that a significant portion of the Medical Center's patient population originates from areas outside of Bergen County. By way of illustration:

- In 2008, 49.2% of 11,587 Behavioral Health and Acute Care patients treated at the Medical Center did not reside in Bergen County;
- In 2009, 51.2% of the 11,253 Behavioral Health and Acute Care patients treated at the Medical Center did not reside in Bergen County; and

## BERGEN COUNTY IMPROVEMENT AUTHORITY

ONE Bergen County Plaza, Room 333, Hackensack, NJ 07601-7076
Voice 201.336.6350 Pax 201.336.6352

E-Mail BCIA@co.bergen.hi.us

www.bcia.us

 84.1% of the 12,356 patients treated in the substance abuse and detoxification unit of the Medical Center in 2008 and 2009 did not reside in Bergen County.

Critically, the Medical Center receives no funding from Passaic County, Hudson County, Essex County, Morris County, or any other county in New Jersey, despite the fact that the Medical Center serves a significant number of patients from other New Jersey counties each year. Consequently, the burden for funding the capital costs of a facility that serves out-of-county patients falls squarely and unfairly upon the shoulders of Bergen County's taxpayers.

## B. Requests For Costly Capital Improvements

Adding to that unfair burden is the prospect of having to fund millions of dollars in capital improvements to the Medical Center over the next six years. Specifically, the County and the Authority have received from your company, Bergen Regional Medical Center LP ("BRMCLP"), as manager of the Medical Center, a number of requests relating to the future of the Medical Center, including for capital improvements. As set forth in proposals attached hereto as <a href="Exhibit A">Exhibit B</a>, BRMCLP has requested capital improvements for 2011 totaling approximately \$13,200,000 (Exh. A). That is just a portion of BRMCLP's proposed six-year plan totaling \$87 million in capital improvements at the Medical Center. (Exh. B).

## C. Need For Information To Evaluate Options

Given the extraordinary costs for capital improvements to the Medical Center and the fact that the Medical Center serves a significant number of patients who are not residents of the County, it is imperative that we consider the social, financial and public impact of having the County and the Authority continue to be engaged in the business of owning and operating the Medical Center.

In order to make an informed decision about the future of the Medical Center and which courses of action will best enable the Authority and the County to fulfill their duties and commitments to taxpayers, citizens, and those served by the Medical Center, the Authority needs to consider all relevant factors relating to the operations of the Medical Center. These factors include not only patient demographics and the cost of anticipated capital improvements, but also financial and operational information regarding the Medical Center.

Accordingly, we request that you provide the Authority with the information set forth on Exhibit C attached hereto, within thirty (30) days from the date hereof, so that we may fulfill our obligations as described above.

As the holder of the Medical Center's license, and pursuant to the Lease and Operating Agreement, as amended, between the Authority and BRMCLP, including sections 3.3, 9.24 and 9.25 thereof, not only are we entitled to receive this information, it is our duty to request it, review it, and evaluate it, to determine, in consultation with appropriate governmental bodies and elected officials, what is best for the Medical Center and Bergen County.

We look forward to your prompt cooperation.

Very truly yours,

Robert S. Garrison, Esq.

**Executive Director** 

cc: Bergen County Executive Kathleen A. Donovan
Bergen County Improvement Authority (BCIA) Commissioners
Bergen County Board of Chosen Freeholders
Thomas H. Bruinooge, Esq., BCIA General Counsel

Arthur Goldstein, Esq., BCIA Special Counsel to BRMC



## C/BCIA 2011 BRM



Medical Center

THE FOLLOWING PROPOSED PLAN IS PART OF A 6 YEAR PLAN TOTALING \$87 MILLION FOR REMEDIATION OF ESSENTIAL PHYSICAL EQUIPMENT TO MAINTAIN A RELIABLE PLANT/INFRASTRUCTURE AND PLANT AND SAFE ENVIRONMENT.



## BERGEN REGIONAL

# BRMC/BCIA 2011 CAPITAL IMPROVEMENT PLAN

THE PHYSICAL PLANT INCLUDES OVER 9 MAJOR BUILDINGS THAT WERE BUILT THE TOTAL SQUARE FOOTAGE IS RANGING FROM 1931 TO 1985. 1.5 MILLION SQUARE FEET



## THE MAJORITY OF INFRASTRUCTURE ITEMS STRUCTURES HAVING EXCEEDED THEIR AND EQUIPMENT ARE THE ORIGINAL LIFE EXPECTANCY

## DESCRIPTION REPORTED BY VARIOUS CONSULTANTS:

- MORRIS SWITZER ARCHITECTS OF BOSTON MASS.
- I URS ARCHITECTS, COLUMBUS OHIO.
- TLC ENGINEERING OF ORLANDO FLORIDA
- CONCORD ENGINEERING (ON BEHALF OF PSEG).
- THEIR REPORTS AND RECOMMENDATIONS
- EXTENSIVE INFRASTRUCTURE ISSUES, TO MAINTAIN EMPHASIZE THE URGENCY OF ADDRESSING THE PROPER OPERATION.
- TREMCO ROOFING CO





## PRIORITIZED BASIS TO ADDRESS SOME REPRESENTS A FRACTION OF THE THE PROPOSED SCHEDULE FOR 2011 **URGENT REQUIREMENTS ON A** BASIC CONCERNS.



## TOTAL AMOUNT FOR THE ITEMS PROPOSED IN THIS PRESENTATION IS APPROXIMATELY \$13,200,000

**SUMMARY** 

BOILERS REPLACEMENT	\$4,000,000
BLDG 11, FIRE PUMP REPLACEMENT	100,000
BLDG 8, FAN COIL UNITS AND RISERS	4,000,000
BLDGS 6 AND 8 DOMESTIC WATER HEATERS	100,000
NURSES CALL SYSTEMS REPLACEMENT	100,000
NEW DIALYSIS UNIT "	400,000
ICU/CCU UPGRADE	3,000,000
ELEVATORS UPGRADE	1,000,000
PHARMACY CLEAN ROOM "	200,000
TOTAL	\$13,200,000
" Regulatory requirement	

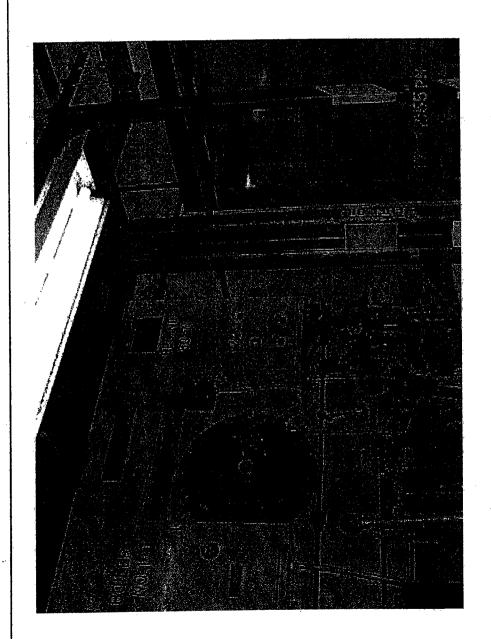
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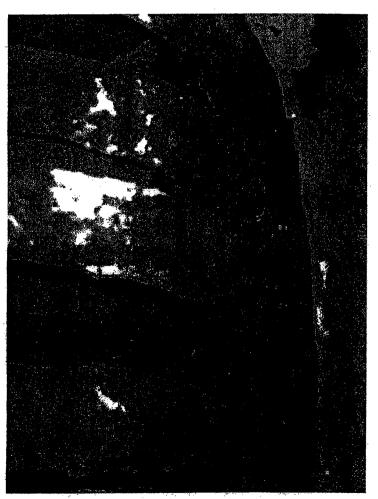
ITEM #1 • \$4,000,000 BOILERS REPLACEMENT THE SCOPE OF THE PROJECT IS TO REPLACE EXISTING BOILERS AND ASSOCIATED EQUIPMENT IN THE POWER PLANT.

- THE BOILER AGES RANGE FROM 30-40 YEARS.
- BOILER #1, WAS DEACTIVATED, IT IS BEYOND REPAIR.
- BOILER #2, HAS CORRODED AREAS, AND IS LEAKING INTERMITENTLY.
- BOILERS #1 AND #2 DO NOT MEET NJDEP EMMISION STANDARDS.









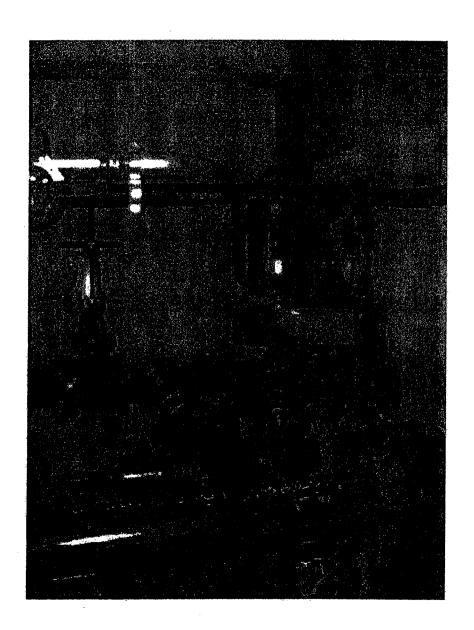
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## ITEM #2 • \$100,000 BLDG 11, FIRE PUMP REPLACEMENT

- THE FIRE PUMP IS SERVING MULTIPLE BUILDINGS AND IS 45 YEARS OLD.
- THE FIRE PUMP AND ITS FRAMING IS CORRODED.
- THE PUMP IS BEING OPERATED WEEKLY FOR TESTING REQUIREMENTS.





## BLDG 8, FAN COILS AND RISERS REPLACEMENT ITEM #3 • \$4,000,000

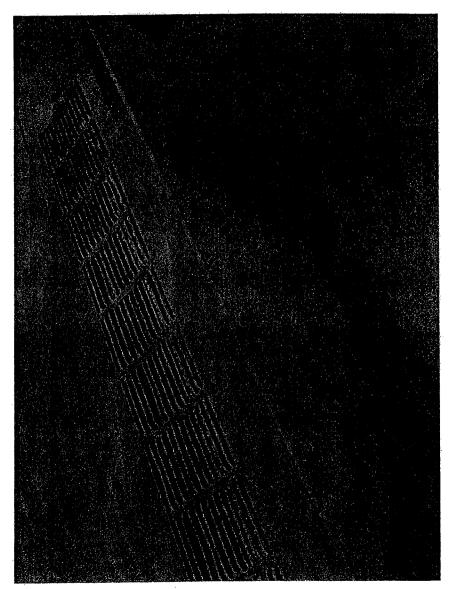
THIS PROJECT CONSISTS OF THE REPLACEMENT OF THE FAN COIL COOLING/HEATING UNITS AND PIPING RISERS. 

THE EXISTING UNITS AND ASSOCIATED RISERS PIPING HAVE EXCEEDED IMPACTING THE QUALITY OF THE ENVIROMENT PROVIDED TO THE THEIR LIFE CYCLE, ARE CORRODED AND INNEFFICIENT, AND ARE PATIENTS.

WE HAVE FREQUENT BREAKDOWNS, WATER LEAKS AND DISRUPTIONS DUE TO REPAIRS, REQUIRING SHUTDOWNS.



## FAN COIL REPLACEMENT - BUILDINGS 8 & 6





## ITEM #4 • \$100,000

# BLDGS 6, 12 , DOMESTIC WATER HEATERS REPLACEMENT

THE EXISTING HEATERS HAVE EXCEEDED THEIR EXPECTED LIFECYCLE RANGING IN AGE FROM 25-40 YEARS. 

THE HEATERS HAVE BEEN REPAIRED NUMERABLE TIMES. SPARE PARTS ARE NO LONGER AVAILABLE. Ö

## ITEM #5 • \$100,000

## REPLACE NURSES CALL SYSTEMS

- THE BUDGET ALLOCATION COVERS REPLACEMENT OF SYSTEMS ON 3 NURSING UNITS.  $\Box$
- THIS IS PART OF A 6 YEAR PROGRAM TO REPLACE 18 SYSTEMS.
- THE EXISTING SYSTEMS ARE 30 YEARS OLD, THEY REQUIRE FREQUENT REPAIRS, SPARE PARTS ARE NO LONGER AVAILABLE.
- DIRECT IMPACT ON LIFE SAFETY.

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[TEM #6 • \$500,000

NEW DIALYSIS UNIT

REQUIRED BY NJDOH TO MEET REQUIREMENTS OF ADDITIONAL DIALYSIS BEDS.

WILL PROVIDE IMPROVEMENT IN SERVICE FOR INPATIENT POPULATION. 

BRMC HAS RECEIVED APPROVAL FROM NJDOH FOR THE PROJECT. THE CETIFICATE OF NEED HAS BEEN EXTENDED 2 TIMES TO DATE. 



## ITEM #7 • \$3,000,000

ICU/CCU UPGRADE

IT DOOE

SPACE, PATIENT PRIVACY, SUPPORT UTILITIES AND ENVIRONMENTAL IT DOOES NOT MEET CURRENT STANDARDS IN TERMS OF ADEQUATE CONDITIONS.

EQUIPMENT IS OUTDATED AND IS NOT CONDUCIVE TO PATIENT SATISFACTION



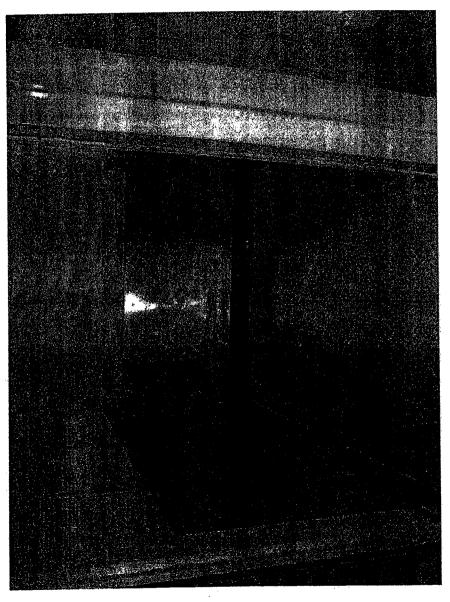
ITEM #8 • \$1,000,000 ELEVATORS REPLACEMENT • YEAR 1 OF 6

- THE SCOPE OF THE PROJECT IS TO UPGRADE 24 ELEVATORS (OVER 5 YEARS) THAT HAVE EXCEEDED THEIR LIFE EXPECTANCY PERIOD.
- THE ELEVATOR EQUIPMENT, CONTROLLERS AND HOISTWAY EQUIPMENT RANGE IN AGE UP TO 40 YEARS. MANY SYSTEMS ARE OBSOLETE OR OF AN ANTIQUATED MAKE. SOME REPLACEMENT PARTS ARE NOT AVAILABLE.
- THERE IS A MAJOR CONCERN ABOUT SAFETY. WE HAD 72 PEOPLE ENTRAPMENTS IN 2009, THAT REQUIRED FIRE DEPARTMENT INTERVENTION.
- A STUDY WAS PERFORMED BY J. MARTIN ASSOCIATES, ELEVATOR CONSULTANTS IN 2009. THEIR REPORT STATES THAT UPGRADING OF THE SYSTEMS MUST BE ADDRESSED IN A TIMELY MANNER TO ANTICIPATE GRADUAL INCREASE OF BREAKDOWNS AND DISRUPTION OF SERVICE.
- ASSOCIATED INFRASTRUCTURE EQUIPMENT, SUCH AS COOLING, ELECTRICAL POWER AND FIRE PROTECTION ARE ALSO TO BE ADDRESSED IN THIS PROPOSAL.



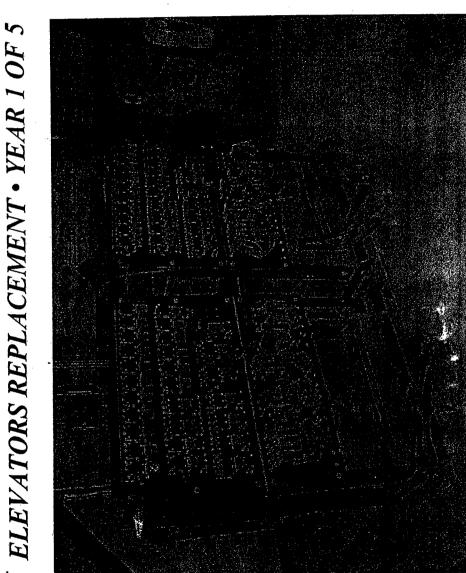






## MEDICAL CENTER

# BRMC/BCIA 2011 CAPITAL IMPROVEMENT PLAN





## ITEM #9 • \$500,000

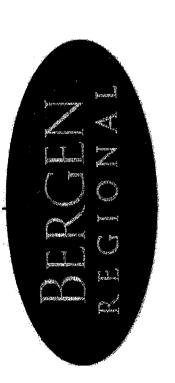
PHARMACY USP-797 ROOM

THE SCOPE OF THIS PROJECT IS TO CREATE A CLEAN ROOM FOR PREPARATION OF STERILE IV MEDICATIONS.

THIS WILL FACILITATE COMPLIANCE WITH FEDERAL AND STATE REGULATIONS.

THE PATIENTS AND LONG TERM CARE RESIDENTS THANK YOU FOR YOUR SUPPORT AND CONCERN IN OUR JOINT EFFORT TO PROVIDE THE BEST POSSIBLE CARE AND CONDITIONS FOR

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Medical Center

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MEDICAL CENTER

BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011

## 2011 BUDGET YEAR

MINDED	PRIORITY	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION
HOMBEK	FRIÇINIT	OM THE INTRODUCTION			Equipment is beyond its normal useful life and is
1	1A	Replace (1,2) boilers (30 years old)	\$2,000,000	Recommended.	in bad condition. The equipment may fail any time and is unreliable.
2	1A	ICU/CCU renovations	\$3,000,000	Recommended. Exremely deficient space. Exact location to be determined. Expansion on 11-4, to include stepdown beds, would require a range of approx. 6,500 to 8,500 s.f. of renovation, depending on exact program requirements.	Action will bring space in compliance with AIA Guidelines and standards. 2) Could add \$1,000,000 of cost, depending on exact location and program recommendations.
3	1A	Standpipes, back flow preventers, all buildings	\$300,000	Recommended.	Critical Life Safety issue. Required for code compliance.
4	1B ·	Main computer room, emergency power and AC	\$500,000	Recommended.	1) Many servers have been added increasing the cooling load. The 1985 a/c units are unable to maintain the desired temperature and humidity. 2) The units are beyond typical service life of 20 years. 3) Recommend replacement of a/c units with new units and provide "N +1" a/c units to provide conlinued cooling capability. This will cost more than the budgeted amount.
5	18	Replacement of batteries on all emergency generators	\$70,000	Recommended.	Will improve life safety. 2) The equipment is beyond its normal useful life. It may fail any time. Reliability is low. 3) A 2008 study of Emergency Power Supply System recommends this action.
6	18	Power plant condensate return	\$250,000	Recommended. Recommend to do this in 2010. It is a critical component of heating system. There is no back up equipment if there is an equipment failure.	Will provide a reliable heating system. Existing deaerator is installed in 1980 and its well past typical service life of 20 years:
7	1B	Main kitchen emergency power upgrade	\$120,000	Recommended.	Will improve reliability. 2) A 2008 study of Emergency Power Supply System recommends this action.
8	1B	Etectrical vault #4, #5, equipment replacement	\$500,000	Recommended.	Equipment is beyond is its normal useful life. It may fail any time. Reliability is tow. 2) A 2008 study of Emergency Power Supply System recommends this action.
9	18	Heating/Cooling piping replacement Bldg. 11	\$500,000	Recommended.	1967 induction units are past the typical service life of 20 years; coils leak; difficult to get replacement parts.
10	1B	Domestic water heating bldg. 6, 12	\$75,000	Recommended. The status of Building 6, whether it should be demolished., should be determined as part of Master Plan.	Building 12 water heater was installed in 1968 and is well past typical service life of 20 years. One of heaters in Building 6 is out of service and the remaining is in poor condition.
11	18	Bldg, 11-4; (4) additional isolation rooms	\$200,000	Recommended. Create pressurized patient rooms. Anteroom requirements TBD.	Meet essential code and operational requirements
12	1B	Replace nurses intercoms yearly	\$100,000	Implement as planned.	Meet essential operational requirements
13	2A	Replace generator day fuel tanks for 2 hour capacity	\$180,000	Recommended.	It will improve life safety. 2) A 2008 study of Emergency Power Supply System recommends this action.
14	<b>2</b> A	Pharmacy USP 797		Recommended.	This action will make the Pharmacy operation comply with codes and standards, improve the safety of the occupants and improve indoor air quality.
15	2A	Bldg. 10, Room 100, provide heating	\$50,000	Recommended.	The room will become useable space
16	2A	Hemodialysis unit	\$500,000	Recommended, Convert to 3 or 4 inpatient renal dialysis stations. Requires approx.1,500 s.f. renovation on available space on 6-3.	Will improve functional conditions and meet functional needs.
17	2A	Elevators upgrading annual phasing	\$1,000,000	Recommended.	Equipment is beyond its normal useful life, it may fail any time, Reliability is low, 2) An elevato study has been done recently and the recommendations are implemented in this item.
18	2A	Bldg. 8 heating/cooling piping replacement	\$500,000	Recommended.	Age and condition of the equipment. Will improve reliability. Original pipes installed in 1952 are leaking.
19	2A	Bldg. 8 replace main sewer line	\$350,000	Recommended.	1952 pipe is cracked; pipe runs thru cafeteria and kitchen; temporarily repaired; needs permanerit solution.
20	2A	LTC residents community meeting patio	\$400,000	Recommended,	Program need. Will help to reduce congestion at main lobby.
21	2A	Bldg. 8-4, replace window AC with fan coil units	\$100,000	Recommended.	Will improve energy efficiency.
22	2A	Bidg: 14, replace duct system to provide individual patient room temp control, upgrade duct systems	\$2,000,000	Recommended:	Existing duct system does not lend itself to provide individual room temperature control.



BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN **DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011** 

## 2011 BUDGET YEAR

	- DOLOGITO	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION
NUMBER 23		Bldg, 6 new roof		Recommended. Will reduce building energy consumption.	<ol> <li>The roof is old and beyond its normal useful life. It may fail any time.</li> <li>Will reduce building energy consumption.</li> <li>The status of Building 6, whether it should be demolished, should be determined as part of Master Plan for the entire facility.</li> </ol>
24	28	Bldg. 6/8 fan coil (40 units) replacement (yearly) program		pneumatic control system should also be changed to DDC system at this time. This also will increase the cost approx. \$100,000. 3) The status of Building 6, whether it should be demolished, should be determined as part of	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.
25	3	Bldg, 14, refurbish (10) nursing stations		implement as planned. Primarily cosmetic/aesthatic upgrades	Will improve physical conditions.
26		Bldg. 14, refurbish (10) kitchens, and provide food warming	\$150,000	Implement as planned.	Will improve physical conditions.
26		Nursing units enhancements Bldg. 8, 11 (2 per year)	\$650,000	Implement as planned. Aesthetic upgrades, provide ADA bathrooms.	Will improve physical conditions and meet current ADA requirements.
			\$11,730,000		
TOTAL	L	<u> </u>	Note: Bold and its	alicized numbers indicate revised budget	

## Prioritization Rankings

Priority 1 - Essential

1A: Essential to meet code and life safety standards

1B: Essential for the continued, reliable operation of the facility

TB: Essential for the continued, reliable operation of the facility

Priority 2 - Necessary

2A: Necessary for the operation of the facility

2B: Necessary for preventive maintenance

Priority 3 - Items which improve staff/patient/physical and/or functional conditions

Priority 4 - Items which improve energy conservation



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BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011

## 2012 BUDGET YEAR

	22122171	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION
NUMBER 1		Reptace (3,4) boilers (30 years old)		Recommended.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.
1A	1A	Replace Fire Pump Bldg 11	\$70,000		40 years old. Corroded
2		Bldg. 11 emergency power in patient rooms	\$300,000	Recommended.	Will improve reliability.
3	1A	Building 11: high rise smoke control system	\$600,000	Recommended.	To meet current building code when major renovation work is completed.
4	18	Replace nurses intercoms yearly	\$100,000	Implement as planned.	Meet essential operational requirements
5		Main chillers replacement (3)	\$2,700,000	Recommended. To provide redundant capacity, it is recommended that another chiller, matching the capacity of the largest chiller. 630 tons—, be installed. Estimated cost for additional chiller, cooling tower and pumps will be apport. \$1,750,000	Equipment is beyond its normal useful life . The equipment may fail any time and is unreflable. (see Budget Year 2010 - item #1)
6	2A	Bldg. 11 main air handlers replacement (4)	\$750,000	Recommended .	Equipment is beyond its normal useful life. The equipment may fail any time and is unreliable. Will help to meet the current air change and filtration requirements.
7	2A	Bldg. 10-200 Conference room AC/Heat upgrade	\$100,000	Recommended.	There are window a/c units now and the ventilator does not provide cooling. Window a/c units are noisy.
8	2A	Elevators upgrading annual phasing	\$1,000,000	Recommended.	<ol> <li>Equipment is beyond its normal useful life, may fail any time. Reliability is low. 2) An elevator study has been done recently and the recommendations are implemented in this item.</li> </ol>
9	2A	Bldg. 14, refurbish (10) seclusion rooms interior	\$350,000	Implement as planned.	Will improve functionality.
10	2B	Replace main switchboard in Bldg. 8	\$1,500,000	Recommended.	Equipment is beyond its normal useful life . The equipment may fall any time and is unreliable.
11	2В	Bldg. 11 replace perimeter units for cooling and associated risers.	\$2,700,000	Recommended.	Equipment is beyond its normal useful life. The equipment may fail any time and is unreliable. Replacement parts for these 1967 units are not available.
12	28	Błdg. 8/6 fan coil (40 units) replacement (yearly) program	\$285,000	Recommended. 1) Piping associated with fan/coil units — horizontal runs and vertical risers —should be replaced at the same time. This will increase the cost.2) The pneumatic control system should also be changed to DDC system at this time. This also will increase the cost. 3) The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.
12A	2B	Replace Power House roof	\$250,000		Bidg houses critical switchgear and boilers
13	28	Replace (13) nurses stations in LTC	\$650,000	Implement as planned.	Meet essential operational requirements
14	3	HVAC Bldg. management systems upgrades	\$200,000	Recommended.	Will help Maintenance to trouble shoot quickly
15	,3	Exterior brick pointing Bldg. 6 & 8	\$500,000	The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Meet essential maintenance requirements.
16	3	Cafeteria Renovation	\$600,000	Recommended. Allows kitchen ventilation/air conditioning to work at the same time. Includes cosmetic/aesthetic upgrades	- Will improve physical conditions.
	3	Handrails, Bldg. 6-8-11	\$150,000	Implement as planned.	Meet essential safety and operational requirements
17				Recommended. Upgrade at the same time	Equipment is beyond its normal useful life and
17	3	Kitchen upgrades, equipment, piping, ceilings, walls	\$400,000	kitchen ventilation/air conditioning is upgraded.	is in bad condition. The equipment may fail any time and is unreliable.
	3	Kitchen upgrades, equipment, piping, ceitings, walls  Separate vehicular access to main lobby, ER, reconfiguration	\$400,000 \$300,000	kitchen ventilation/air conditioning is upgraded.	



BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN **DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011** 

## 2012 BUDGET YEAR

NUMBER	PRIORITY	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION
21		Showers upgrade Bldg. 8, 11	\$300,000	Implement as planned.	The equipment/system is beyond its normal useful life. This will improve the living conditions.
22	3	Emergency receptacles for PC's in clinical areas	\$100,000	Recommended.	It will improve reliability and working conditions.
TOTAL	<u> </u>		\$14,035,000		

Note: Bold and italicized numbers indicate revised budget numbers by URS

## Prioritization Rankings

Priority 1 - Essential

1A: Essential to meet code and life safety standards
 1B: Essential for the continued, reliable operation of the facility

Priority 2 - Necessary
2A: Necessary for the operation of the facility
2B: Necessary for preventive maintenance

Priority 3 - Items which improve staff/patient/physical and/or functional conditions

Priority 4 - Items which improve energy conservation



MEDICAL CENTER

BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN **DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011** 

## 2013 BUDGET YEAR

NUMBER	PRIORITY	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION	
1	1A	Bldg. 8, emergency power in patient rooms	\$300,000	Recommended.	Will improve reliability.	
2	1A	Upgrade fire alarm to addressable systems	\$1,000,000	Recommended.	Essential Life Safety and operational requirements.	
3	1A	Bldg. 6, 8, Emergency power risers		Recommended. The status of Building 6, whether it should be demolished., should be determined as part of Master Plan.	Will improve reliability.	
4	1A	Audio/Visual fire alarms in electrical switchgear room	\$70,000	Recommended.	Will help to meet the code and standards. A 2008 study of Emergency Power Supply System recommends this action.	
6	1A	Main service switch gear, ground fault and isolation switches	\$3,000,000	Recommended.	Will help to meet the code and standards. A 2008 study of Emergency Power Supply System recommends this action.	
6	1A	Bldg. 6 upgrade emergency power for 6-3	\$200,000	Recommended. The status of Building 6, whether it should be demolished., should be determined as part of Master Plan.	Will help to meet the code and standards.	
7	1B	Replace nurses intercoms yearly	\$100,000	Implement as planned.	Meet essential operational requirements	
8	18	Bldg. 8, replace main chillers		Recommended. To provide redundant capacity, It is recommended that another chiller, matching the capacity of the largest chiller - 320 tons—, be installed. Estimated cost for additional chiller, cooling tower and pumps will be apprx. \$900,000	Equipment is beyond its normal useful life . The equipment may fail any time and is unreliable.	
9	2A	Replace corroded waste drain risers, various buildings	\$2,000,000	Recommended.	Equipment is beyond its normal useful life . The equipment may fail any time and is unreliable.	
10	2A	Elevators upgrading, annual phasing	\$1,000,000	Recommended.	Equipment is beyond its normal useful life. It may fail any time. Reliability is low. 2) An elevator study has been done recently and the recommendations are implemented in this item.	
11	28	Tunnels enhancement, structural mechanical, lighting safety	\$500,000	Recommended.	Necessary for preventive maintenance.	
12	28	Fan coil units (40) replacement (yearly) program	\$285,000	Recommended. 1) Piping associated with far/coil units — horizontal runs and vertical risers —should be replaced at the same time. This will increase the cost.2) The pneumatic control system should also be changed to DDC system at this time. This also will increase the cost. 3) The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	time and is unreliable.	
13	3	Way finding system	\$1,000,000	Recommended.	Will improve functionality.	
14	3	Nursing units enhancements Bldg. 8, 11 (2 per year)	\$650,000	Implement as planned. Aesthelic upgrades, provide ADA bathrooms.	Will improve physical conditions and meet current ADA requirements.	
15	3	Replace front fences (corroded)	\$175,000	Implement as planned.	Improves functionality.	
16	4	Energy conservation, retrofit, lightling	\$800,000	Recommended.	The newer tamps will reduce energy consumption and extend the life of bulbs.	
TOTAL			\$12,880,000			
Note: Bold and italicized numbers indicate revised budget						

Note: Bold and italicized numbers indicate revised budget numbers by URS

## Prioritization Rankings

Priority 1 - Essential

1A: Essential to meet code and life safety standards

1B: Essential for the continued, reliable operation of the facility

Priority 2 - Necessary

2A: Necessary for the operation of the facility

2B: Necessary for preventive maintenance

Priority 3 - Items which improve staff/patient/physical and/or functional conditions

Priority 4 - Items which improve energy conservation





BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN DECEMBER 21, 2009 **UPDATED FEBRUARY 24, 2011** 

## 2014 BUDGET YEAR

NUMBER	PRIORITY	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION
1	2A	Elevators upgrading, annual phasing	\$1,000,000	Recommended.	1) Equipment is beyond its normal useful life. I may fail any time. Reliability is low. 2) An elevator study has been done recently and the recommendations are implemented in this item.
2	2A	Bldg. 8,11 Roof	\$1,200,000		
3	2A	Replace nurses intercoms yearly	\$100,000	Implement as planned.	Meet essential operational requirements
4	28	Fan coil units (40) replacement (yearly) program	\$285,000	Recommended. 1) Piping associated with fan/coil units — horizontal runs and vertical risers —should be replaced at the same time. This will increase the cost.2) The pneumatic control system should also be changed to DDC system at this time. This also will increase the cost. 3) The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.
5	3	Direct digital control on main plant equipment	\$200,000	Recommended.	This will improve the operation of the heating and cooling plant,
6	3	Standardize keying system in the entire hospital	\$1,000,000	Implement as planned.	Meet operational requirements.
7	3	Nursing units enhancements Bldg. 8, 11 (2 per year)	\$650,000	Implement as planned. Aesthetic upgrades, provide ADA bathrooms.	Witt improve physical conditions and meet current ADA requirements.
8	4	Windows replacement Bidg. 6, 8, 11, 5 energy efficient	\$2,000,000	Recommended. The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Windows are old and inefficient.
9	4	Energy Conservation, (allowance)	\$2,000,000	Recommended. The measures should be taken when ever renovation work is being done and when equipment are replaced.	Will improve energy conservation.
TOTAL			\$8,435,000		

Note: Bold and italicized numbers indicate revised budget numbers by URS

## **Prioritization Rankings**

Priority 1 - Essential

1A: Essential to meet code and life safety standards

18: Essential for the continued, reliable operation of the facility

Priority 2 - Necessary

2A: Necessary for the operation of the facility 2B: Necessary for preventive maintenance

Priority 3 - Items which improve staff/patient/physical and/or functional conditions

Priority 4 - Items which improve energy conservation



BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011

#### 2015 BUDGET YEAR

<del></del>		CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION		
NUMBER 1	PRIORITY	Elevators upgrading annual phasing	\$1,000,000	Recommended. An elevator study has been done recently and the recommendations are implemented in this item.	Equipment is beyond its normal useful life. It may fail any time. Reliability is low. 2) An elevator study has been done recently and the recommendations are implemented in this item.		
2	2A	Replace nurses intercoms yearly	\$100,000	Implement as planned.	Meet essential operational requirements		
3	28	Fan coil units (40) replacement (yearly) program		Recommended. 1) Piping associated with fan/coil units — horizontal runs and vertical neers — should be replaced at the same time. This will increase the cost.2) The pneumatic control system should also be changed to DDC system at this time. This also will increase the cost. 3) The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.		
4	28	Buildings 6/8: ventilation to patient rooms and corridors	\$9,000,000	Recommended.	To meet code requirements of air changes per hour and filtration. This work will include air handling units, duct work, electrical, structural, architectural work, new chilter, new heat exchanger and allowances for phasing, existing conditions and prewailing New Jersey labor rates. (See 2014 - Attachment A for breakout of cost estimates)		
5	3	Nursing units enhancements Bldg. 8, 11 (2 per year)	\$650,000	Implement as planned. Aesthetic upgrades, provide ADA bathrooms.	Will improve physical conditions and meet current ADA requirements.		
6	3	Main kitchen air conditioning upgrade	\$100,000	Implement as planned.	1) Will improve the working conditions. 2) May cost more than the estimate. Need to provide freeze protection for chilled water coils. 3) At present, portable ac units are provided during summer months. The klitchen ventilation system should be evaluated first along with proposed air conditioning of dining area before air conditioning the kitchen.		
7	3	Replace nurses intercoms yearly	\$100,000	Implement as planned.	Meet essential operational requirements		
TOTAL	<del></del>	\$11,235,000					
LIUIAL	1	Note: Bold and italicized numbers indicate revised budget					

Note: Bold and italicized numbers indicate revised budget numbers by URS

#### **Prioritization Rankings**

Priority 1 - Essential

1A: Essential to meet code and life safety standards

1B: Essential for the continued, reliable operation of the facility

Priority 2 - Necessary
2A: Necessary for the operation of the facility
2B: Necessary for preventive maintenance

Priority 3 - Items which improve staff/patient/physical and/or functional conditions

Priority 4 - Items which improve energy conservation

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BERGEN REGIONAL MEDICAL CENTER SIX-YEAR CAPITAL IMPROVEMENT PLAN **DECEMBER 21, 2009 UPDATED FEBRUARY 24, 2011** 

#### 2016 BUDGET YEAR

NUMBER	PRIORITY	CAPITAL IMPROVEMENT PROJECT	BRMC BUDGET	COMMENTS	JUSTIFICATION	
1	1A	Emergency transfer switches for life safety critical and equipment service	\$700,000	Recommended.	helps to comply with code and standards.     A 2008 study of Emergency Power Supply System recommends this action	
2	1A	Main switchgear, lightning protection	\$200,000	Recommended.	helps to comply with code and standards.     A 2008 study of Emergency Power Supply System recommends this action.	
3	18	Bldg. 6 upgrade electrical switchgear	\$1,000,000	Recommended. The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.	
4	18	Bldg. 11 replace old Federal Pacific switchgear	\$1,500,000	Recommended.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.	
5	2A	Bldg. 11 replace air conditioning/heating for individual patient rooms control	\$4,000,000	Recommended.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.	
6	2A	Bldg. 5, Central air conditioning/heating	\$2,000,000	Recommended, The status of Building 5, whether it should be demolished., should be determined as part of Master Plan.	Meet essential operational requirements.	
7	2A	Replace nurses intercoms yearly	\$2,000,000	Implement as planned.	Meet essential operational requirements	
8	2A	Elevators upgrading annual phasing	\$2,000,000	Recommended. An elevator study has been done recently and the recommendations are implemented in this item.	Equipment is beyond its normal useful life. It may fail any time. Reliability is low. 2) An elevator study has been done recently and the recommendations are implemented in this item.	
9	2B	Fan coil units (80) replacement (yearly) program	\$570,000	Recommended. 1) Piping associated with fan/coil units — horizontal runs and vertical risers — should be replaced at the same time. This will increase the cost 2)The pneumatic control system should also be changed to DDC system at this time. This also will increase the cost. 3) The status of Building 6, whether it should be demolished, should be determined as part of Master Plan.	Equipment is beyond its normal useful life and is in bad condition. The equipment may fail any time and is unreliable.	
10	3	Nursing units enhancements Bldg. 8, 11 (4 units)	\$1,300,000	Implement as planned. Aesthetic upgrades, provide ADA bathrooms.	Will improve physical conditions and meet current ADA requirements.	
11	3	Bldg. 12, corridor ventilation	\$200,000	Recommended,	Will improve the air balance and air quality	
12	3	Emergency power aggregate (8) generators	\$2,500,000	Recommended. A 2008 study of Emergency Power Supply System recommends this action.	Will improve reliability and life safety.	
TOTAL	\$15,270,000					

Note: Bold and italicized numbers indicate revised budget numbers by URS

#### **Prioritization Rankings**

Priority 1 - Essential

1A: Essential to meet code and life safety standards

1B: Essential for the continued, reliable operation of the facility

Priority 2 - Necessary
2A: Necessary for the operation of the facility
2B: Necessary for preventive maintenance

Priority 3 - Items which improve staff/patient/physical and/or functional conditions

Priority 4 - Items which improve energy conservation

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# ATTORNEY WORK PRODUCT PRIVILEGED & CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION Request For Information

- Audited financial statements on a consolidated basis for Bergen Regional Medical Center LP ("BRMCLP") and its subsidiaries for the years 2008, 2009 and 2010.
- 2. Listing and explanation of any prior period adjustments relating to the audited financial statements of BRMCLP and its subsidiaries for the years 2007, 2008, 2009 and 2010.
- 3. New Jersey FAST (Financial Analysis and Statistical Trends) involving the Bergen Regional Medical Center (the "Medical Center") for the years 2008, 2009 and 2010.
- 4. New Jersey APOLLO reports as prepared by the New Jersey Health Care Facilities Financing Authority relating in any way to BRMCLP and/or the Medical Center for the years 2008, 2009 and 2010.
- 5. Budgets for the various divisions of the Medical Center for the years 2009 and 2010.
- 6. Documents reflecting, referring or relating to comparisons of (a) budgets for the various divisions of the Medical Center for the years 2009 and 2010, and (b) the actual expenditures for the various divisions of the Medical Center for the years 2009 and 2010.
- 7. Managed care contracts involving the Medical Center currently in effect.
- 8. Labor, union and/or collective bargaining agreements involving the Medical Center that are currently in effect.
- Reports filed with the New Jersey Department of Health and Senior Services (the "DHSS") on behalf of the Medical Center, including, but not limited to, all UB-92 data, sentinel events and corrective action plans for the years 2008, 2009 and 2010.
- 10. Documents reflecting patient age, residence and/or demographics filed with the DHSS on behalf of the Medical Center for the years 2008, 2009 and 2010.
- 11. Documents reflecting the payor mix at the Medical Center for the years 2008, 2009 and 2010.

# ATTORNEY WORK PRODUCT PRIVILEGED & CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION

- 12. Documents reflecting, referring or relating to Joint Commission reviews of BRMCLP and/or the Medical Center including, but not limited to, reports, findings and corrective action plans.
- 13. DHSS annual reviews and inspection reports involving the Medical Center for 2008, 2009 and 2010.
- 14. Documents reflecting, referring or relating to Medical Center market share analysis by age, DRG and/or town of origin for all licensed beds currently managed by BRMCLP at the Medical Center.
- 15. Documents reflecting, referring or relating to compliance audits, including licensure review, for the Medical Center for the years 2007, 2008, 2009 and 2010.
- 16. Listing of any self insurance funds including, but not limited to health care, property, liability and medical malpractice, involving the Medical Center.
- 17. Insurance contracts, including contracts for health insurance benefits, property and liability, medical malpractice and director and officer's liability, currently in effect involving the Medical Center.
- 18.Listing of all open legal claims including, but not limited to, medical malpractice claims, involving the Medical Center.
- 19. Contracts between the Medical Center and any physicians.
- 20. Listing of physicians on staff at the Medical Center, including, for each (a) all board certifications specialties and sub-specialties, (b) age, (c) description of hospital activity, and (d) primary office location.
- 21. Documents reflecting, referring or relating to any clinical and referral affiliations between the Medial Center and any healthcare providers.
- 22. Organizational charts reflecting and/or identifying management personnel at the Medical Center.
- 23. Resumes of all managerial-level personnel at the Medical Center, including but not limited to, administration and clinical staff managerial-level personnel.
- 24. Documents reflecting, referring or relating to capital budget needs for the Medical Center.

# ATTORNEY WORK PRODUCT PRIVILEGED & CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION

- 25. Agreements or waivers reflecting, referring or relating to negotiated charity care, Medicaid or Medicare enhancements, including, but not limited to, DSH (Disproportionate Share Hospital) enhancements, involving the Medical Center.
- 26. Contracts with Information Technology providers including, but not limited to, electronic health records, information technology software support, financial support, medical billing support, involving the Medical Center.
- 27. Contracts with any subsidiaries of BRMCLP involving the Medical Center.
- 28. A listing and copies of all contracts with any external vendors providing revenue cycle support including, but not limited to medical coding, accounts receivable acceleration, denial rate reports, patient accounting system, and/or collection agencies.
- 29. Reports analyzing accounts receivables, patient coding, collection rate, patient information data base, charity bad debt percentages, and/or contract management systems, involving the Medical Center.

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Philip E. Wilson, LCSW Commissioner / Chairperson

Lou Ann Visotcky Vice Chairperson

Kenneth Corcoran

Louis L. D'Arminio, Esq.

Edward J. Trawinski, Esq.



Robert S. Garrison, Esq. Executive Director

Mauro D. Raguseo Deputy Executive Director

October 7, 2011

Mr. Joseph Orlando President & Chairman of the Board Bergen Regional Medical Center, L.P. 230 E. Ridgewood Avenue Paramus, New Jersey 07010

Re: Bergen Regional Medical Center

Dear Mr. Orlando:

Enclosed is a copy of our October 4, 2011 letter to V. Robert Salazar, which we incorporate herein by reference. We trust that you will facilitate our receipt of the information requested therein.

Very truly yours,

Robert S. Garrison, Executive Director

RSG:bl Enc.

cc: Kathleen A. Donovan, County Executive

Bergen County Improvement Authority Commissioners

Bergen County Board of Chosen Freeholders

BERGEN COUNTY IMPROVEMENT AUTHORITY

ONE Bergen County Plaza, Room 333, Hackensack, NJ 07601-7076 Voice 201.336.6350 Fax 201.336.6352 E-Mail BCIA@co.hergen.nj.us

www.bcia.us

Philip E. Wilson, LCSW
Commissioner / Chairperson

Lou Ann Visotcky Vice Chairperson

Kenneth Corcoran

Louis L. D'Arminio, Esq. Commissioner

Edward J. Trawinski, Esq.



Robert S. Garrison, Esq. Execusive Director

Mauro D. Raguseo
Deputy Executive Director

October 4, 2011

V. Robert Salazar 2500 18<sup>th</sup> Street Suite 200 Denver, CO 80211

Re: Bergen Regional Medical Center

Dear Mr. Salazar:

As a governmental authority charged with the obligation to serve the public interest, and as the Bergen County Regional Medical Center's (the "Medical Center") license holder charged with the responsibility to ensure that quality of care is not adversely affected, the Bergen County Improvement Authority (the "Authority") is committed to address and fully consider all matters relating to the Medical Center in light of the interests of the public that we serve.

Toward that end, as the Executive Director for the Authority, I am, in the ordinary course of my duties, examining and exploring various alternatives concerning the future of the Medical Center, including Bergen County's and the Authority's possible divestiture and sale of the Medical Center for consideration by the Authority.

## A. Burden Imposed By Out-Of-County Patients

One of the driving forces behind these considerations is the reality that a significant portion of the Medical Center's patient population originates from areas outside of Bergen County. By way of illustration:

- In 2008, 49.2% of 11,587 Behavioral Health and Acute Care patients treated at the Medical Center did not reside in Bergen County;
- In 2009, 51.2% of the 11,253 Behavioral Health and Acute Care patients treated at the Medical Center did not reside in Bergen County; and

### BERGEN COUNTY IMPROVEMENT AUTHORITY

ONE Bergen County Plaza, Room 333, Hackensack, NJ 07601-7076 Voice 201.336.6350 Fax 201.336.6352 E-Mail BCIA@co.bergen.ni.us www.bcia.us  84.1% of the 12,356 patients treated in the substance abuse and detoxification unit of the Medical Center in 2008 and 2009 did not reside in Bergen County.

Critically, the Medical Center receives no funding from Passaic County, Hudson County, Essex County, Morris County, or any other county in New Jersey, despite the fact that the Medical Center serves a significant number of patients from other New Jersey counties each year. Consequently, the burden for funding the capital costs of a facility that serves out-of-county patients falls squarely and unfairly upon the shoulders of Bergen County's taxpayers.

## B. Requests For Costly Capital Improvements

Adding to that unfair burden is the prospect of having to fund millions of dollars in capital improvements to the Medical Center over the next six years. Specifically, the County and the Authority have received from your company, Bergen Regional Medical Center LP ("BRMCLP"), as manager of the Medical Center, a number of requests relating to the future of the Medical Center, including for capital improvements. As set forth in proposals attached hereto as <a href="Exhibit A">Exhibit A</a> and <a href="Exhibit B">Exhibit B</a>, BRMCLP has requested capital improvements for 2011 totaling approximately \$13,200,000 (Exh. A). That is just a portion of BRMCLP's proposed six-year plan totaling \$87 million in capital improvements at the Medical Center. (Exh. B).

#### C. Need For Information To Evaluate Options

Given the extraordinary costs for capital improvements to the Medical Center and the fact that the Medical Center serves a significant number of patients who are not residents of the County, it is imperative that we consider the social, financial and public impact of having the County and the Authority continue to be engaged in the business of owning and operating the Medical Center.

In order to make an informed decision about the future of the Medical Center and which courses of action will best enable the Authority and the County to fulfill their duties and commitments to taxpayers, citizens, and those served by the Medical Center, the Authority needs to consider all relevant factors relating to the operations of the Medical Center. These factors include not only patient demographics and the cost of anticipated capital improvements, but also financial and operational information regarding the Medical Center.

Accordingly, we request that you provide the Authority with the information set forth on Exhibit C attached hereto, within thirty (30) days from the date hereof, so that we may fulfill our obligations as described above.

As the holder of the Medical Center's license, and pursuant to the Lease and Operating Agreement, as amended, between the Authority and BRMCLP, including sections 3.3, 9.24 and 9.25 thereof, not only are we entitled to receive this information, it is our duty to request it, review it, and evaluate it, to determine, in consultation with appropriate governmental bodies and elected officials, what is best for the Medical Center and Bergen County.

We look forward to your prompt cooperation.

Very truly yours,

Robert S. Garrison, Esq.

**Executive Director** 

cc: Bergen County Executive Kathleen A. Donovan
Bergen County Improvement Authority (BCIA) Commissioners
Bergen County Board of Chosen Freeholders
Thomas H. Bruinooge, Esq., BCIA General Counsel
Arthur Goldstein, Esq., BCIA Special Counsel to BRMC

# **Request For Information**

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- 18. Listing of all open legal claims including, but not limited to, medical malpractice claims, involving the Medical Center.
- 19. Contracts between the Medical Center and any physicians.
- 20. Listing of physicians on staff at the Medical Center, including, for each (a) all board certifications specialties and sub-specialties, (b) age, (c) description of hospital activity, and (d) primary office location.
- 21. Documents reflecting, referring or relating to any clinical and referral affiliations between the Medial Center and any healthcare providers.
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- 23. Resumes of all managerial-level personnel at the Medical Center, including but not limited to, administration and clinical staff managerial-level personnel.
- 24. Documents reflecting, referring or relating to capital budget needs for the Medical Center.

- 25. Agreements or waivers reflecting, referring or relating to negotiated charity care, Medicaid or Medicare enhancements, including, but not limited to, DSH (Disproportionate Share Hospital) enhancements, involving the Medical Center.
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- 29. Reports analyzing accounts receivables, patient coding, collection rate, patient information data base, charity bad debt percentages, and/or contract management systems, involving the Medical Center.

# O'Connor, Gail A.

From:

Durino, Connie

Sent:

Wednesday, October 12, 2011 9:52 AM

To:

O'Connor, Gail A.

Subject:

Computer Room: Conflict Check: David Hochstadt -General

txtClientName: David Hochstadt

# NONE

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: 201 336 6352 Fax sent by

B.C.I.A

11-28-11 04:15p Pg: 2/5

Philip E. Wilson, LCSW iner I Character

Lou Ann Visoteky Via Chargeman

Kenneth Corcorna

Louis L. D'Arminio, Rec.

Edward J. Trewiaski, Esq.



Robert S. Garrison, Esq. Eurodin Director

Mantra D. Ragusco Deput Executive Director

November 18, 2011 (Corrected Version)

Via Federal Express

Joseph Orlando President & Chairman of the Board, Bergen Regional Medical Center, L.P. 230 E. Ridgewood Avenue Paramus, New Jersey 07010

<u> Via Federal Express & Certified Mail</u>

V. Robert Salazar President and CEO Solomon Health Group, LLC 2500 18th Street, Suite 200 Denver, Colorado 80211

> Bergen Regional Medical Center Re:

#### Gentlemen:

We have reviewed your carefully worded response to the Bergen County Improvement Authority's ("BCIA") request for documents and information pertaining to Bergen Regional Medical Center (the "Medical Center"). Your decision to delineate between subsidiaries and affiliates and otherwise limit your responses is not what we had hoped for.

In furtherance of BCIA's effort to make an informed decision concerning the future of the Medical Center and which courses of action will best enable BCIA and Bergen County to fulfill their duties and commitments to citizens, taxpayers and those served by the Medical Center, we submit the following supplemental requests for documents and information to both Bergen Regional Medical Center, LP ("BRMCLP") and Solomon Health Group, LLC ("Solomon").

# Supplemental Requests For Documents And Information

Audited financial statements on a consolidated basis for Solomon for the years 1. 2008, 2009 and 2010.

# BERGEN COUNTY IMPROVEMENT AUTHORITY

ONE Bergen County Plaza, Room 335, Hackensack, NJ 07601-7076 Voice 201.336.6350 Fax 201.336.6352 B-Mid BCIACon beneautius www.bcia.us

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- 2. Audited financial statements on a consolidated basis for the years 2008, 2009 and 2010 for any affiliates<sup>1</sup> of BRMCLP and/or Solomon, including, but not limited to, Global Employee Benefits Management, Inc., Solomon Healthcare Group, LLC, and iCare Management, LLC, that have rendered services and/or provided goods to, for, or on behalf of BRMCLP and/or the Medical Center (the "Affiliates").
- Contracts between Solomon, BRMCLP and/or the Medical Center and any Affiliates involving, relating to, or with respect to the Medical Center.
- 4. Contracts by and among any Affiliates involving, relating to, or with respect to the Medical Center.
- 5. Contracts between any Affiliates and any third parties involving, relating to, or with respect to the Medical Center.
- Contracts between Solomon, BRMCLP and/or the Medical Center and any third
  parties involving, relating to, or with respect to the Medical Center.
- Listing and explanation of any prior period adjustments relating to the audited financial statements of Solomon in connection with services provided and/or goods provided to, for, or on behalf of BRMCLP and/or the Medical Center for the years 2007, 2008, 2009 and 2010.

"Equity Interests" means (a) any capital stock, ahare, partnership or membership interest, unit of participation or other similar interest (however designated) in any Person and (b) any option, warrant, purchase right, conversion right, exchange rights or other Contractual Obligation which would entitle any Person to acquire any such interest in such Person or otherwise entitle any Person to share in the equity, profit, earnings, losses or gains of such Person (including stock appreciation, phantom stock, profit participation or other similar rights).

"Members of the Immediate Family" means, with respect to any individual, (a) such Person's spouse, (b) each parent, brother, sister or child of such Person or such Person's spouse, (c) the spouse of any Person described in clause (b) above, (d) each child of any Person described in clauses (a), (b) or (c) above, (e) each trust created solely for the benefit of one or more of the Persons described in clauses (a) through (d) above and (f) each custodian or guardian of any property of one or more of the Persons described in clauses (a) through (e) above in his capacity as such custodian or guardian.

<sup>&</sup>lt;sup>1</sup> For purposes of these Supplemental Requests for Documents and Information, the term "affiliate" means, with respect to any specified Person at any time means, (a) each Person directly or indirectly controlled by or under direct or indirect common control with such specified Person at such time, (b) each Person who is at such time an officer or director of, or direct or indirect beneficial holder of at least 10% of any class of the Equity Interests of, such specified Person, (c) each Person that is managed by a common group of executive officers and/or directors as such specified Person, (d) the Members of the Immediate Family of each officer, director or holder described in clause (b) and, if such specified Person is an individual, of such specified Person and (c) each Person of which such specified Person or an Affiliate (as defined in clauses (a) through (d)) thereof will, directly or indirectly, beneficially own at least 10% of any class of Equity Interests at such time.

<sup>&</sup>quot;Person" means any individual or corporation, association, parmership, limited liability company, joint venture, joint stock or other company, business trust, trust, organization, Governmental Authority or other entity of any kind. "Governmental Authority" means any United States federal, state or local or any foreign government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any arbitrator or arbitral body.

Fax sent by : 201 336 6352

B.C.I.A

11-28-11 04:15p Pg: 4/5

- Listing and explanation of any prior period adjustments relating to the audited financial statements of the Affiliates in connection with services provided and/or goods provided to, for, or on behalf of BRMCLP and/or the Medical Center for the years 2007, 2008, 2009 and 2010.
- 9. State whether the Medical Center's financial expense data is capable of being segregated between Acute and Long Term Care. If so, please provide such segregated data for the years 2008, 2009 and 2010. If not, please explain in detail (i) the reasons why such segregation is not possible, and (ii) what efforts were undertaken to determine whether such segregation is possible.
- 10. We had asked for managed care contracts involving the Medical Center currently in effect. Your response -- that this subject matter is currently under litigation and that we should refer this inquiry to counsel handling that matter -- is not acceptable. BCIA and Bergen County are entitled to this very basic information and Solomon and BRMCLP, as the managers of the Medical Center, must provide it without any further delay.
- 11. All insurance policies, including, but not limited to, health care, property, liability and medical malpractice policies, involving the Medical Center that are currently in effect.
- 12. We had asked for the resumes of all managerial-level personnel at the Medical Center, including, but not limited to, administration and clinical staff managerial-level personnel (the "Resumes"). Your response -- that the Resumes are proprietary and confidential -- is unacceptable. NJAC 8:43G-1.1 et seq. requires that all administration, clinical/medical staff and employees have certain qualifications. As the license holder and entity responsible for compliance with NJAC 8:43G-1.1 et seq., BCIA is clearly entitled to such information.
- Contracts between the Medical Center, Solomon, BRMCLP and/or any Affiliates and any physicians and/or physician groups involving, relating to, or with respect to the Medical Center.
- 14. A. Documents submitted by or on behalf of the Medical Center in connection with any requirements of any accreditation or other health care facility survey entity since January 1, 2009, such as the Joint Commission, including, but not limited to, any documentation submitted to the accreditation or survey entity (such as, for example, Periodic Performance Review, Plan of Action, Measure of Success, Sentinel Event Root Cause Analysis, and/or Sentinel Events Action Plan).
  - B. Any reports or findings issued and/or prepared by or on behalf of any accreditation or other health care facility survey entity (such as a Statement of Deficiencies, Summary of Survey Findings, Accreditation Survey Findings Report or other report or findings) (the "Reports or Findings") in connection with the Medical Center since January 1, 2009.

Fax sent by : 201 336 6352

B.C.I.A

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- C. Any response submitted by or on behalf of the Medical Center to the Reports or Findings (such as, for example, an Evidence of Standards Compliance Report, Plan of Correction, corrective action plan, or similar response), since January 1, 2009.
- As to the documents that you indicated have previously been provided to the BCIA (See your responses to requests 12, 13, 15, 24 and 29 made in our October 4, 2011 letter), we request, in light of the changes in administration and personnel at BCIA, that you provide us with a copy of those materials, including the Agreed Upon Procedures Report and Findings Comments referenced in your response to request 29.

Please provide the foregoing by no later than December 19, 2011.

Very truly yours,

Robert S. Garrison Executive Director

#### RSG:bl

cc: Kathleen A. Donovan, Executive
Bergen County Improvement Authority Commissioners
Bergen County Board of Chosen Freeholders



MEDICAL CENTER

IOSEPH S. ORLANDO. MBA. FACHE
President
Chairman, Board of Directors

#### HAND DELIVERED

December 5, 2011

Robert Garrison, Esq.
Executive Director
Bergen County Improvement Authority
One Bergen County Plaza, Room 333
Hackensack, New Jersey 07601-7076

Dear Mr. Garrison,

In recent correspondence and discussions, you have advised that the BCIA and County are considering numerous options concerning the future of the Medical Center, including continued lease/management by Bergen Regional Medical Center, L.P. (BRMC, L.P.) Please accept this writing in response to your request that we provide you with our offer to continue to lease and manage Bergen Regional Medical Center after the expiration of the Lease and Operating Agreement (LOA), presently scheduled to occur on March 15, 2017. Prior to introducing the details of our proposal, which is outlined below, I would like to highlight the benefits that our County-licensed, privately-managed structure has created.

Under BRMC, L.P's management, the Medical Center has achieved unbridled growth and accomplishments that have been beneficial to the County, the BCIA, the citizens and taxpayers of Bergen County, and most importantly the patients and residents it serves. We have worked diligently to create and maintain a demonstrated track record of successful survey/accreditation activity, created an efficient and effective workforce in the midst of significant union presence and activity, and have successfully incorporated advanced clinical/operational/technological initiatives into our day to day management, collectively resulting in an enhanced "patient-care" experience at the Medical Center.

Just as significantly, the structure of the LOA, and BRMC, L.P.'s acceptance of full risk pursuant to same, has effectively fulfilled one of the primary objectives of Bergen County in seeking transition to outsourced management; absolute mitigation of significant losses that the County was projected to bear under its former structure as a County-licensed and operated Medical Center. In fact, in 1997 alone, the last full year under County management, the Medical Center lost over \$5 million dollars.

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Moreover, our Agreement has actually afforded the County a significant revenue stream in the form of rent and other payments and will continue to do so for the ongoing years of the Agreement. To date (annualized through December 31, 2011) BRMC, L.P. has furnished the BCIA \$91,148,722 in rent and related payments. Over the course of the remainder of the LOA there will be additional payments of \$46,148,989 for a total of \$137,297,711. Please see Exhibit A.

In addition, and notwithstanding the BCIA's capital obligations under the LOA, BRMC, L.P. has expended significant dollars in capital improvement outlays that have inured to the benefit of the Medical Center. As Exhibits B sets forth, BRMC, L.P. has expended over \$23 million dollars through the current duration of the LOA for these items. Please see Exhibit B.

Beyond the financial benefits of our relationship, it is critical that we also focus on the successful clinical/operational achievements that have occurred during BRMC, L.P's tenure as manager of the Medical Center. While the Medical Center has always provided essential services to a vulnerable population, the need for the facility has never been more apparent than in recent years with a demonstrated increase in demand by uninsured, underinsured and insured local patients seeking the gamut of healthcare services we provide.

BRMC, L.P. has achieved some significant accomplishments during this time of increased service. The details of these achievements and more are available in the Bergen Regional Medical Center Progress Report 2011, which is attached, as Exhibit D, for your review and consideration. Immediately below is a comprehensive summary achievement overview.

# Accreditation/Regulatory

- All of the hospital's service areas are in good standing with the regulatory licensing entities such as the Department of Health and Senior Services, and the Department of Human Services.
- The Joint Commission completed its unannounced and thorough reaccreditation survey of the entire facility, including laboratory services and long term care division, in June of 2011. Bergen Regional was noted for its "outstanding" performance for a hospital and long term care facility of its size, diversity and complexity and Commission surveyors stated the results for BRMC are amongst the best seen so far this year. Nationwide, only six percent of long term care facilities pursue accreditation with The Joint Commission.
- Successful reaccredidation/licensing of all other relevant services, including, the Outpatient Addiction Services program, the Outpatient Behavioral Health programs, the Graduate Medical Education Residency program (psychiatry), the Acute Partial program.

## Quality and Clinical Initiatives/Enhancements

- Significant investment/implementation in BRMC's Information
   Technology structure including implementation of an Electronic Medical Record.
- The New Jersey Hospital Association & Health Research Educational
  Trust Benchmark report issued in November 2010 notes that Bergen
  Regional was tied for first place in the state for best performance in both
  AMI and Heart Failure Core Measure projects.
- BRMC is in the top ten for Pneumonia Core Measurers and scored over 90% compliance with the Surgical Care Improvement Project Indicators.
- Bergen Regional was accepted as a participant in the National Patient Safety Initiative of Public Hospitals in 2010.
- Development of a Medication Safety Committee.
- Establishment of a Rapid Response Team to quickly come to the aid of a patient or resident when a change in condition is noted.
- Development of Anticoagulation Protocols.
- Implementation of the "Germinator" Hand Hygiene Observation Program.

# Mental Health, Acute and Addiction Services

- BRMC experienced new volume highs for both the Outpatient Dept. and Evergreen IOP for the first half of 2011
- Implemented the first and largest stage of the electronic medical record (Clinical Care Station). This ensures more complete documentation and better multidisciplinary treatment planning.
- Customer Satisfaction increases as reflected by the Press Ganey survey.
   The second quarter overall score increased by 3.2 points to our best quarterly score on this measure. The gain was recognized by Press Ganey with a commendation certificate.
- The BRMC Behavioral Health Access service was expanded and enhanced, increasing hours of "live" phone response from 8 to 13 hours daily, included more services for which scheduling can be done and increased call volumes by 50%. A challenge this uncovered was the need in Bergen County for BRMC to accept managed care contracts to service those residents and their children who required mental health or addiction assistance and because we were unable to accept their insurance, they were forced out of county.
- Bergen Regional's Behavioral Health Services leadership have expanded our participation in various State and County mental health and addiction

- services committees and workgroups. This includes the Mental Health Advisory Board, Professional Advisory Committees for both mental health and substance abuse, the Children's Interagency Coordinating Council, and school based organizations.
- The Associate Vice President for Behavioral Health serves as President of the New Jersey Chapter of the American Psychiatric Nurses Association.
- In 2009, all physician and social work staff were integrated into our electronic network to enhance intra- and interagency communication.
- Increased the skill set of our Unit Clerks through access to electronic communications and introduction to specific functions in our patient care electronic record keeping programs.
- Residents have presented papers and research posters at national and regional conferences of the American Psychiatric Association.
- Developed and implemented a Psychiatric Nursing Student Externship with five students in 2010 and expanded it to 12 students for 2011.
- Increased affiliations with undergraduate nursing programs to 21 schools.

## Long Term Care

- Enhanced Fall Prevention Program utilizing more advanced equipment, e.g. alarmed seat belts with audible voice.
- Pressure Ulcer Prevention Program enhanced equipment additional low air loss mattresses purchased (pressure ulcer rate continue to be well below benchmark)
- Growth of Restorative Care Program to ensure residents highest level of functioning can be maintained, also an important part of the revised CMI payment system for LTC in NJ effective July 1, 2010.
- Implementation of the electronic Medical Record for nurses, social workers and dietitians.
- Implementation of the Electronic Care Tracker system.
- Expanded Wound Care Program by adding one additional certified nurse.
- PUP EZ program started...Pressure Ulcer Prevention program course for CNAs and nurses

# **Facility Improvements**

- Complete rehabilitation of Building 5 (Korean Long Term Care Unit)
- Renovation of Building 8-4 physical rehabilitation.
- Renovation of three nurse's stations in Building 14.
- Renovation of the Hospital main lobby (project of the Hospital's Foundation).
- Renovation of the Hospital Gift Shop.
- Creation of a new main lobby coffee shop.
- Renovation of the Hospital's multi-faith chapel (project of the Hospital's Foundation).

- Expansion and renovation of the Access Center for Mental Health and Addiction Services (included the establishment of an internal call center and procurement of an external answering service).
- Expansion and renovation of the Patient Access/Admitting offices (included the establishment of an internal call center).
- Renovation of the Outpatient Clinic on 8-1 including new exam rooms and additional clinics.
- Laboratory reconfiguration and enhancements including automated chemistry equipment.
- Pharmacy enhancement and expansion including medication dispensing equipment.
- Reconfiguration and enhancement to the 8-1 Central Scheduling Department.
- Expansion and Enhancement of the Emergency Department (joint venture with the BCIA).
- New lighted signage at the main entrance, new front lobby canopy.
- New nurse's intercom system on 8-5 and 11-4.
- Refurbished patient shower rooms in Buildings 8 and 5.
- Replacement of underground drain lines in building 8-9.
- Refurbished public bathrooms in building 8-1.
- BRMC has contracted two full time painters to make aesthetic enhancements as needed.
- Enhancements of LTC environment
- o Painting of resident units and rooms
- o Forthcoming installation of new rolling shades
  - New furniture
- Enhanced Laundry service
- The BRMC Facilities Management Department, as tracked through a computerized system, processed 17,864 work orders in 2010.

## **Employment/Employee Relations**

- Employee commitment is evidenced via longevity of employee service average length of service is 8.9 years.
- Remain one of the largest employers in Bergen County providing nearly 2000 jobs, primarily filled within the communities BRMC serves.
- Provision of opportunity for career growth and advancement via on the job training and support for offsite training via tuition reimbursement
- Ongoing interaction and collaboration with BRMC's seven recognized Union's (AFSCME, HPAE, JNESO, Dr's Council, CIR, LOCAL 68, and LOCAL 74) including:
  - Labor management committee interaction
  - Workplace Safety committee interaction

## **Community Relations**

- Bergen Regional and its Foundation has sponsored and provided a
  monthly series of professional education programs for the professional
  community and for concerned citizens and families. We have offered
  credit granting seminars on topics ranging from treatment for addictions to
  specific counseling skill development,
- BRMC offers a free community health fair annually.
- BRMC and its Foundation sponsor a free community summer concert series.
- BRMC, L.P. has made \$650,000 of donations to the Foundation for additional capital improvement projects.

## **OUR PROPOSAL**

Given the foregoing, we propose an extension of the current LOA for an additional 10 years, through March 15, 2027. BRMC, L.P.'s rent payment would continue in accordance with the LOA, with annual rent payments capped at \$10,000,000 during the 10-year extension period. This would amount to total rent payments of \$100,000,000, over the course of the proposed 10 year extension. In addition, BRMC, LP, would make other payments for admin fee, etc. amounting to \$8,054,053, for a total of \$108,054,053 (Please see Exhibit D).

The foregoing offer is contingent upon the following conditions:

- 1. The payment terms on the accounts receivable loan would be extended in accordance with the proposed ten year extension.
- 2. The BCIA will immediately permit managed care contracting at the Medical Center.

As we have consistently articulated, the viability of the Medical Center on a goforward basis is directly linked to two critical factors:

• The management structure of the facility remain as currently structured, i.e. that the facility maintains its licensure as the County Hospital – with all the relevant sources of reimbursement that would be otherwise unavailable through sale to a private entity. Given the breadth of services provided to the expansive population that the Medical Center serves, it is critical that Medical Center continue to

<sup>&</sup>lt;sup>1</sup> Please note, upon commencement of the LOA, annual rent payments were \$5,200,000. Current annual rent payments are \$7,400,000. These additional rent payments will allow the BCIA/County millions of dollars of unexpected revenues which can be used towards funding the facility's ongoing capital improvements.

operate in a manner that maximizes all available subsidies relevant to Bergen's patient mix. As you know, the actual outright sale of the facility would be financially devastating to the Medical Center.

Notwithstanding said reliance on all available subsidies, the reality of shrinking subsidies makes it imperative to find alternative sources of funding to ensure the continuity and expansion of care delivered at BRMC. As practically all safety net facilities have recognized, nationwide and state-wide, managed care and other third party payor contracting is a critical component in mitigating the subsidy cuts we are presently experiencing and certain to intensify.

Please review the forgoing and advise if you have any questions or would like to schedule time to meet to further discuss. I look forward to hearing from you at your earliest convenience.

Very truly yours

Joseph S. Orlando

President and Chairman of the Board of Directors.

cc: Kathleen A Donovan, County Executive
Bergen County Improvement Authority Commissioners
Bergen County Board of Chosen Freeholders.

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Philip E. Wilson, LCSW Commissioner / Chargerson

Lou Ann Visotcky Vice Chairperson

Kenneth Corcoran Commissioner

Louis L. D'Arminio, Esq. Commissioner

Thomas Mason, Esq. Commissioner



Robert S. Garrison, Esq. Exercising Director

Mauro D. Raguseo Deputy Executive Director

December 8, 2011

Mr. Joseph S. Orlando President/Chairman of the Board of Directors Bergen Regional Medical Center 230 East Ridgewood Avenue Paramus, NJ 07652

> Bergen Regional Medical Center Re:

Dear Mr. Orlando:

Thank you for your letter of December 5, 2011. In my prior correspondence which was directed to you and Mr. Salazar, the Bergen County Improvement Authority ("BCIA") sought specific documents and information regarding the operation of Bergen Regional Medical Center (the "Medical Center"). We did not seek a proposal for the renewal of the Lease and Operating Agreement for the Medical Center.

We expect to receive the documents and information that we asked for by no later than December 19, 2011. Upon receipt of same, we will undertake what we believe are the appropriate steps to analyze all relevant matters in order to arrive at a decision that the BCIA and Bergen County believe is in the best interests of the County's residents and taxpavers. Should that decision involve a new lease and operating agreement for the Medical Center, we will undertake the steps required by law to ensure an orderly process for implementing that decision. Until such time as the foregoing is completed, we are not in a position to evaluate or discuss your proposal.

The sooner we receive the documents and information that we requested, the sooner we can make our determination and move on to the next steps.

ery truly yours,

Robert S. Garrison

**Executive Director** 

RSG:bl

Kathleen A. Donovan, Executive ce:

Bergen County Improvement Authority Commissioners

Bergen County Board of Chosen Freeholders

BERGEN COUNTY IMPROVEMENT AUTHORITY

ONE Bergen County Plaza, Voice 201.336.6350 Pax 201.336.6352

. Hackensack, NJ 07601-7076

E-Mail BCIA@co.bergen.ni.us www.bcia.us

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MEDICAL CENTER

March 7, 2012

JOSEPH S. ORLANDO, MBA, FACHE President Chairman, Board of Directors

Mr. Robert Garrison, Executive Director Bergen County Improvement Authority One Bergen County Plaza, 4<sup>th</sup> Floor Hackensack, NJ 07601-7076

Dear Mr. Garrison:

This will respond to your letter dated February 24, 2012 with respect to the "elevators at Bergen Regional Medical Center." The situation to which you refer involves the decision in the Fall of 2006 to order the installation of replacement elevator controllers for Elevators 1-6 in Building 11 at the Medical Center. The equipment and installation were ordered from Current Elevator Technology, Inc. ("Current Elevator"). In 2006, Current Elevator was the elevator maintenance provider at the Medical Center and appears to have had been in that capacity even prior to the March 15, 1998 effective date of the Lease and Operating Agreement. The order was placed by Joseph Glaski. Mr. Glaski was the on-site representative of Propoco, Inc., which was at that time (and since terminated) the Medical Center's facilities management contractor. Mr. Glaski was responsible for all aspects of the Medical Center's relations with Current Elevator, including overseeing the performance of the work in question.

Internal investigation by Bergen Regional Medical Center, L.P. has to date disclosed the fact that the equipment was never installed and was stored at the Medical Center in the elevator mechanical room. Current Elevator was terminated as elevator maintenance contractor in June 2010 and replaced by United States Elevator, Inc. ("U.S. Elevator"). U.S. Elevator removed the equipment from BRMC's premises without BRMCLP's authorization or knowledge. Recently when we discovered that the equipment in question had been removed, we demanded that the equipment be returned forthwith. The equipment has been returned by U.S. Elevator in defective condition, and BRMCLP has subsequently terminated U.S. Elevator as its elevator maintenance contractor. As a result of the foregoing we immediately commenced a thorough investigation into the matter.

BRMCLP has issued demand letters to Current Elevator, Propoco, and to U.S. Elevator, demanding all documents and information relating to the elevators in question and reserving the right to pursue all legal remedies. However, since the equipment was not installed, BRMCLP has started the process of remedying any deficiencies with the 2006 proposed improvements and performing those upgrades at its own expense. BRMCLP is taking these corrective measures in order to maintain a harmonious working relationship with the BCIA and to promptly resolve the problem, while not admitting any liability with respect to the past non-performance of its former contractors.

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At the same time, BRMCLP's investigation of the circumstances is ongoing. In the course of our effort to fully understand this matter, we have already spoken with representatives of Current Elevator, U.S. Elevator, Mr. Glaski, Michael Formanek, and Quentin Wiest. Mr. Wiest has indicated that he will review his records and provide any relevant information.

I can assure you that BRMCLP views this issue with great concern, and that we are willing to work together with the BCIA to fully develop the underlying facts. Please do not hesitate to contact me if you have any further questions.

Very Truly Yours,

Joseph S. Orlando

President and Chairman, Board of Directors